

Hearing Schedule

- Hearings begin Monday, June 9, 2008
- They continue on Wednesday, June 11 and Friday, June 13
- Hearings start at 9 am each day
- Hearings may be continued, if necessary, through Friday, June 20



FY 2008-2009 Proposed Operating Plan and Budget

Budget Hearing Materials

Contents of the Board's Budget Binder

1. Schedule
2. Budget Inquiry Forms
3. County Executive Officer's presentation
4. Department pages/presentations
5. County and RDA Budget Resolutions, Final Budget Adjustments, Ongoing Grants and Contracts



FY 2008-2009 Proposed Operating Plan and Budget

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County Executive Officer's Presentation

- Overview and Perspective
- Future Outlook: 5 Year Financial Forecast FY 2008- 2013
- FY 2008-09 Budget Overview



FY 2008-2009 Proposed Operating Plan and Budget

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Overview and Perspective

- The Proposed FY 2008-09 Budget is balanced and contains \$759.3M in recommended expenditures
- The \$759.3M represents a \$5.0M and 0.66% increase over FY 07-08 estimated expenditures



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Overview and Perspective

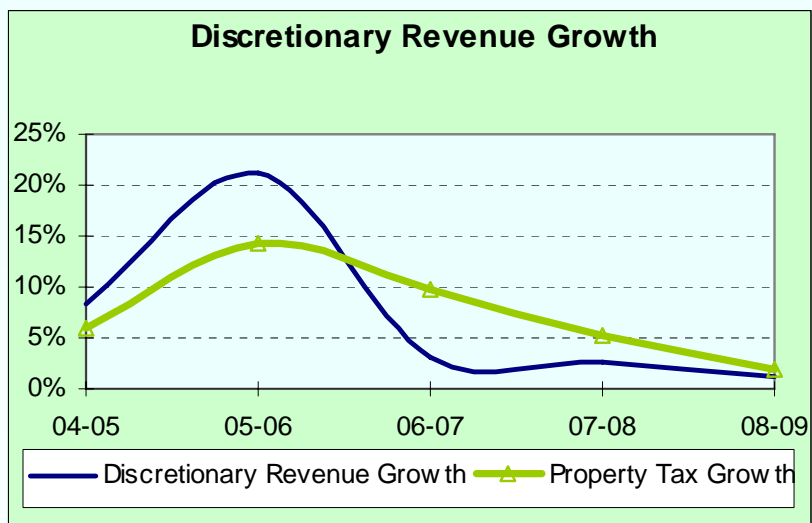
- The FY 2008-09 budget is balanced with significant reductions in County departments.
- As the economy continues to worsen, major challenges are ahead:
 - Implement the budget balancing reductions
 - Adjust to further reductions from State Budget cuts
 - Structurally balance Alcohol Drug and Mental Health Services budget
 - Maintain a Strategic Reserve to meet future emergencies



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Overview and Perspective



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Overview and Perspective

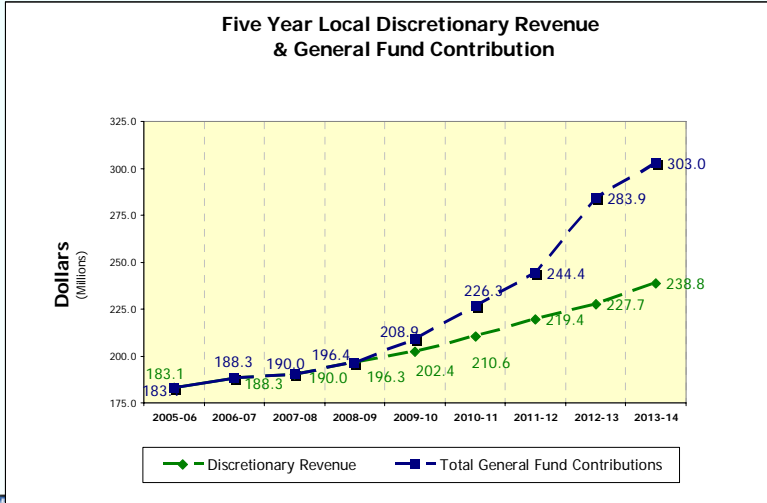
- Challenge #1: Continued decline in the growth of Discretionary Revenue
- Challenge #2: Funding continued increases in Retirement Costs
- Challenge #3: Issues related to funding retiree health benefits per GASB 45 provision
- Challenge #4: Construction and Operation of a new County Jail



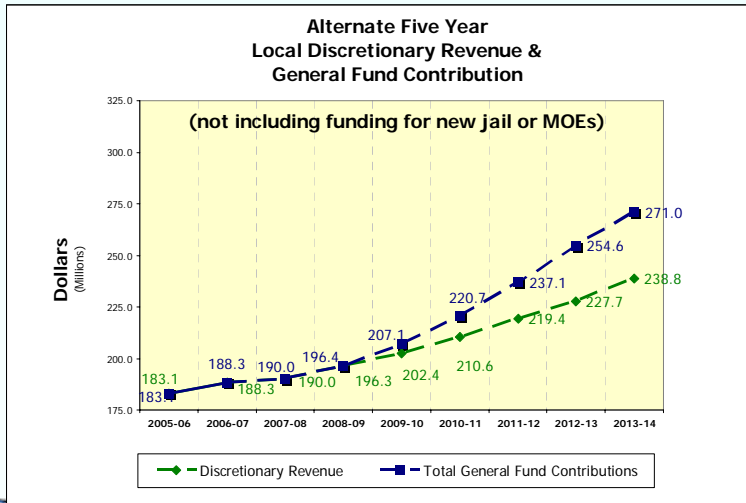
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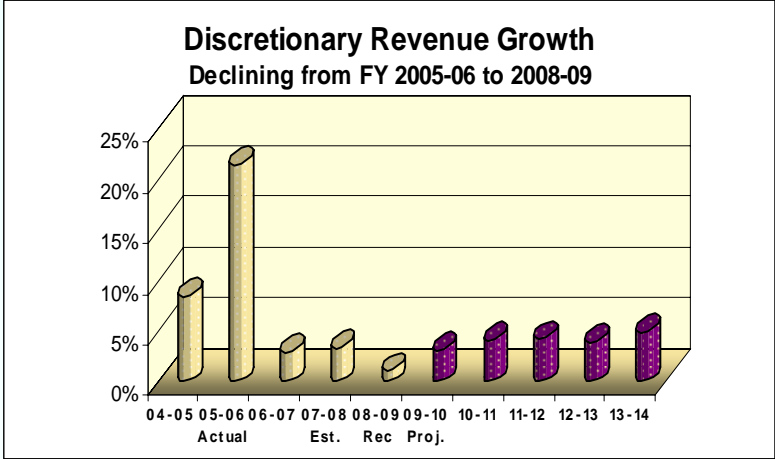
FUTURE OUTLOOK



FUTURE OUTLOOK



FUTURE OUTLOOK



FY 2008-2009 Proposed Operating Plan and Budget

Proposed FY 2008-09 Operating Budget Overview

Budget-at-a-Glance



FY 2008-2009 Proposed Operating Plan and Budget

FY 2008-09 Budget Overview

Budget at a Glance:

- Estimated FY 07-08 expenditures are \$754.3 million, decline \$5.9M from the FY 07-08 Adopted Budget
- Recommended FY 08-09 expenditures increase by \$5.0M, 0.7 % over FY 07-08 estimated expenditures

| | FY 2007-08 Adopted | FY 2007-08 Estimated | FY 2008-09 Recommend |
|---------------------------------------|-----------------------|-------------------------|-------------------------|
| Expenditures (Dollars in millions) | \$760.2 | \$754.3 | \$759.3 |



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FY 2008-09 Budget Overview (cont'd)

Changes in Budgeted Positions (FTE)

| | |
|---|----------------|
| ■ FY 2007-08 Adopted Budget | 4,351 FTE |
| ■ FY 2007-08 Estimated FTE | 4,281 FTE |
| ■ FY 2008-09 Recommended Budget | 4,135 FTE |
| ■ Net decrease over FY 2007-08 Estimated budget | <hr/> -146 FTE |
| ■ Net decrease over FY 2007-08 Adopted budget | -216 FTE |
| ■ Details on Page A-22 | |



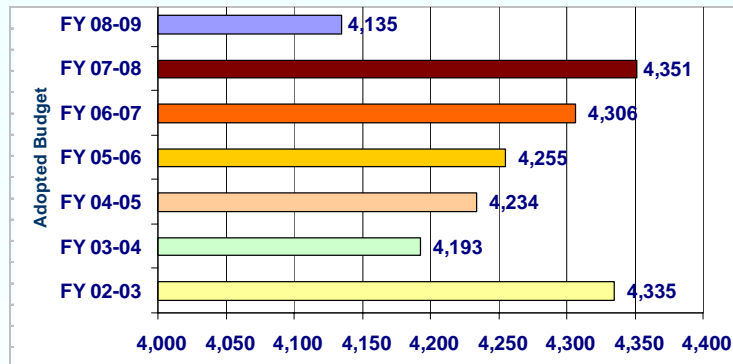
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FY 2008-09 Budget Overview (cont'd)

Budgeted Full Time Equivalent (FTE) Positions

- Net decrease of 216 FTEs (5%)



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FY 2008-09 Budget Overview (cont'd)

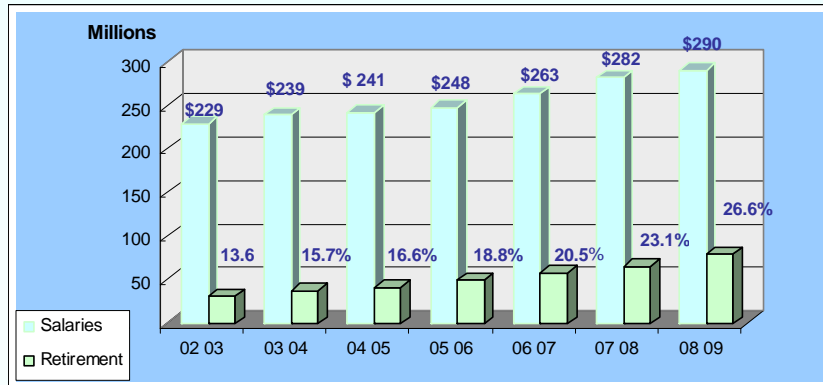
- Salary and Benefit costs are \$428M, an increase of \$20.2M or 4.8% over FY 2007-08 estimated salaries
- Average cost for a Full Time Equivalent (FTE) Position increases by 9%, from \$97,600 in FY 07-08 to \$106,700 primarily due to retirement costs



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Retirement Costs as a Percent of Salaries FY 2002-03 to FY 2008-09



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FY 2008-09 Budget Overview (cont'd)

■ General Fund Allocations to Designations:

| Reserves and Designations | Allocations |
|--|--------------------|
| Deferred Maintenance | 1,500,000 |
| Salary & Retirement Designation | 1,200,000 |
| Contingency | 800,000 |
| Capital Designation | 500,000 |
| Litigation Designation | 500,000 |
| Roads Designation | 58,000 |
| *Audit Exceptions (Alcohol Drug & Mental Health) | 2,157,951 |
| Strategic Reserve | 0 |
| Total | \$6,715,951 |

*Allocation was based on available funding. ADMHS audit exceptions payable in FY 08-09 are estimated at \$3 million and staff recommends allocating up to approximately \$900,000 of 2007-08 year-end balance.

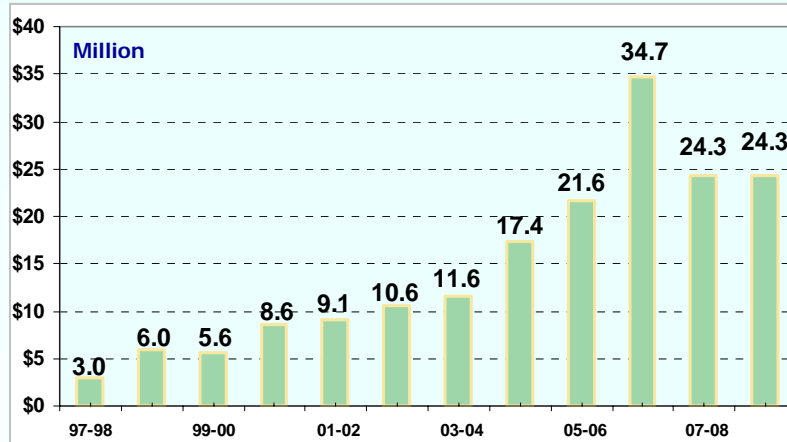


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Budget Overview: Strategic Reserves

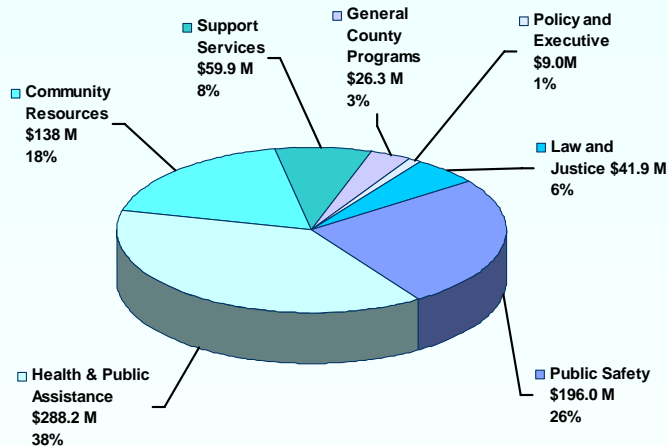
Recommended budget does not include any allocation to the Strategic Reserve.



FY 2008-2009 Proposed Operating Plan and Budget

Expenditures by Function

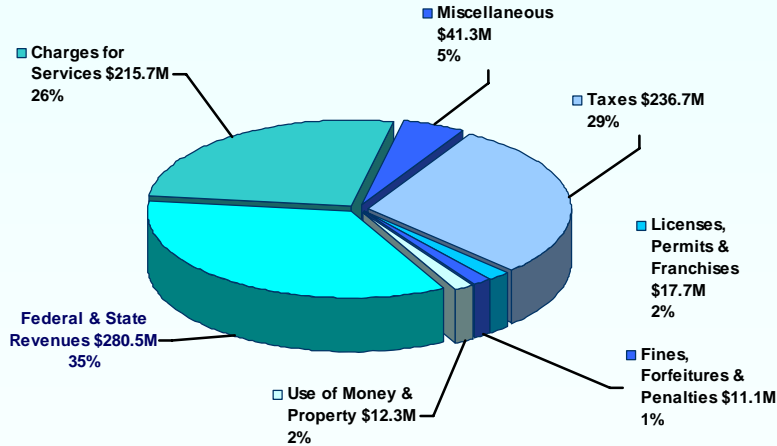
Total = \$759.3 M



FY 2008-2009 Proposed Operating Plan and Budget

Revenues by Source

Total = \$815.3 M (includes Intra-County Transfers)



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Major Sources of Local Discretionary Revenue

(in millions of dollars)

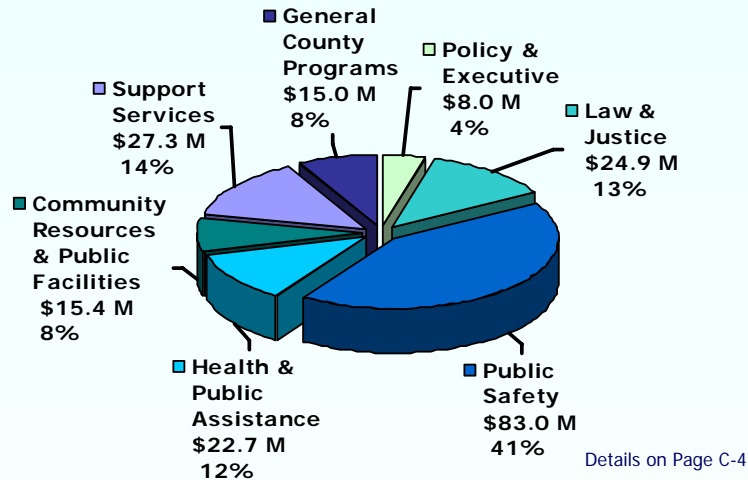
| Discretionary Revenues | 04-05 Actual | 05-06 Actual | 06-07 Actual | 07-08 Estimated | 08-09 Rec. |
|-----------------------------|--------------|--------------|--------------|-----------------|--------------|
| Property Taxes | 94.2 | 107.6 | 118.0 | 124.1 | 126.5 |
| Property Transfer Tax | 5.0 | 4.5 | 4.4 | 3.2 | 2.7 |
| Property Tax In-Lieu of VLF | 28.0 | 36.1 | 37.1 | 39.8 | 41.3 |
| Retail Sales Tax | 9.1 | 9.9 | 11.5 | 11.9 | 11.1 |
| Transient Occupancy Tax | 4.8 | 5.6 | 6.6 | 6.3 | 6.4 |
| Motor Vehicle Taxes | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Sources | 10.0 | 19.5 | 11.4 | 8.5 | 8.3 |
| Total | 151.2 | 183.2 | 189.1 | 193.9 | 196.3 |



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GF Contribution \$196 M by Functional Area



FY 2008-2009 Proposed Operating Plan and Budget

State Budget Issues

May Revise :

- Funding Loss for Department of Social Services -\$5.0 M
- Funding loss for Public Health -\$900,000
- Proposition 42- Roads Funding +\$3.5 M
- Reimbursement for presidential primary election +\$1.5 M



FY 2008-2009 Proposed Operating Plan and Budget

Issues/Challenges

- FY 2008-09
 - State Budget Impacts
 - Building a County Jail
 - Slowing Property Tax Growth/ Foreclosures
 - Additional Appropriation Requests

- Future Years
 - Maddy Emergency Medical Services funding
 - Local Road (Measure D) funding
 - Social Services projected shortfall
 - Public Health projected shortfall
 - Fire projected shortfall



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Recommended Use of 2007-08 General Fund Balance

Recommended Use of 2007-08 General Fund Balance

| | Amount | Available Balance |
|--|---------|-------------------|
| 2007-2008 Fund Balance available for 2008-09 appropriation | | 4,099,000 |
| 1. Bridge Financing for ADMHS step-down | 700,000 | 3,399,000 |
| 2. ADMHS audit reserve | 845,145 | 2,553,855 |
| 3. Jail sewer main repair | 523,000 | 2,030,855 |
| 4. District Attorney- core case prosecution functions | 400,000 | 1,630,855 |
| 5. (to be determined by the Board) | - | 1,630,855 |

Remainder to the Strategic Reserve



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Recommended Use of 2007-08 Fund Balance- Alcohol Drug and Mental Health

- ADMHS received an additional \$6.9M in FY 07-08 for funding of North County CARES Residential for 4 months (\$433k), Casa Del Mural (\$530k), prior year shortfall (\$1.4 M), and current year revenue shortfall (\$4.6 M)
- In FY 08-09 budget, an additional \$1.3 M for a full year funding of North County CARES Residential
- In FY 08-09, \$2.1 million is reserved for audit settlements and an additional \$845,145 from year-end fund balance is recommended.
- ADMHS 08-09 budget includes \$8.4 million in reductions and \$700,000 from fund balance is recommended to cover current programs for July 2008



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Requests for Additional Appropriations

- Community Requests
- Board of Supervisors Initiatives



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Recommendations:

- Adopt, by Resolution, the proposed County budget for FY 08-09, with Final Budget Adjustments and appropriations of 2007-08 General Fund balance if the year-end fund balance is higher than budgeted.
- By separate resolution, adopt the County Redevelopment Agency budget for FY 08-09.



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